

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 EB-08 INR-10 LAB-04 NSAE-00
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R 300740Z AUG 78
FM AMCONSUL SYDNEY
TO SECSTATE WASHDC 8577
INFO USDOC WASHDC
AMEMBASSY CANBERRA
AMCONSUL MELBOURNE
AMCONSUL AUCKLAND
AMEMBASSY TAIPEI
AMCONSUL HONG KONG
AMEMBASSY WELLINGTON

UNCLAS SYDNEY 2092

E.O. 11652: N/A
TAGS: BEXP, AS
SUBJECT: PROPOSED MICHIGAN IOGA MISSION ON METALWORKING
MACHINERY

1. MARCH 1979 SEEMS TO BE A VERY APPROPRIATE TIME FOR AN
AUSTRALIAN VISIT BY A METALWORKING MACHINERY MISSION, FOR
THE FOLLOWING REASONS:

A. INVESTMENT IN PLANT AND EQUIPMENT IN AUSTRALIA IS
DEPRESSED, AND HAS BEEN FOR MANY MONTHS, AND MANY FACTORIES
HAVE RUN DOWN THEIR PLANT AND EQUIPMENT TO THE POINT WHERE
UPGRADING WILL BE ESSENTIAL FOR SURVIVAL.

B. THERE IS PREVALENT FEELING, THE THE TAX INCENTIVE FOR
INVESTMENT WHICH LAPSED IN JUNE 1978 WILL BE REINSTATED
DURING FIRST SIX MONTHS OF 1979, FOR THE FOLLOWING REASONS:

(1) BUSINESS SECTOR FEELS THAT GOVERNMENT WILL
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BE SATISFIED WITH PROGRESS TOWARD ITS OVER-RIDING
GOAL OF CONTROLLING INFLATION, AND WILL FEEL BY THEN
IT IS TIME TO ADDRESS THE PROBLEMS OF STIMULATION AND
EMPLOYMENT.

(2) ENCOURAGEMENT OF INVESTMENT IN PLANT AND
EQUIPMENT IS CONSISTENT WITH LIBERAL PARTY PHILOSOPHY

AND IS IN THEIR VIEW THE SOUNDEST WAY TO GET THINGS ROLLING.

C. DESPITE WIDESPREAD UNEMPLOYMENT, PRODUCTIVITY OF WORKERS MUST BE IMPROVED BY INSTALLATION OF HIGH-GRADE MACHINERY IF AUSTRALIAN MANUFACTURING SECTION IS TO RETAIN ANY SEMBLANCE OF VIABILITY. IF AUSTRALIA IS TO REALIZE ITS AMBITIONS TO COMPETE IN EXPORT MARKETS, THE NEED FOR NEW INVESTMENT IS EVEN MORE ACUTE. THE RECENT FEDERAL BUDGET (SEE CANBERRA 06536) PROVIDES FOR EXPORT DEVELOPMENT GRANTS TO FINANCE SUCH INVESTMENT.

D. IN GENERAL, THE U.S. TOOLS AND MACHINES THAT WILL FIND A MARKET HERE ARE THOSE THAT EMBODY THE LATEST TECHNOLOGICAL ADVANCES. POST BELIEVES, IN SUCH CASES, THAT EMPHASIS SHOULD NOT BE ON "LABOR-SAVING" BENEFITS OF MACHINERY, BUT ON ITS POTENTIAL FOR MAKING MOST EFFICIENT USE OF SCARCE TECHNICAL SKILLS. THE MARKET FOR MORE CONVENTIONAL ITEMS MAY IMPROVE IF PRICE DIFFERENTIALS (INCLUDING EFFECTS OF EXCHANGE RATES) BECOME EXTREMELY FAVORABLE TO U.S.

2. BOTH SYDNEY AND MELBOURNE SHOULD BE CONSIDERED AS EQUALLY IMPORTANT DESTINATIONS FOR THE MISSION. SYDNEY WILL BE PRIMARY COORDINATING POST SINCE WENTWORTH, CHIEF OF SYDNEY'S E/C SECTION, IS CHAIRMAN
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OF METALWORKING CAMPAIGN UNDER COUNTRY COMMERCIAL PROGRAM (CCP).

3. INTERNATIONAL MARKETING CENTER (IMC) IS PREPARED TO PROVIDE SPACE FOR THE MISSION IN SYDNEY. BOTH SYDNEY AND MELBOURNE HAVE BEEN PROMISED SUBSTANTIAL FACILITATIVE ASSISTANCE BY METAL TRADES INDUSTRY ASSOCIATION (MTIA); MTIA ASSISTANCE IN MELBOURNE WILL INCLUDE USE OF SPACE.

4. BUDGET ESTIMATES ARE IN PREPARATION, AND WILL BE FORWARDED AT AN EQRLY DATE.
WENTWORTH

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